PSR Payment Systems Regulator

PSR work on authorised push payment scams

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The Payment Systems Regulator (PSR) is here to make sure payment systems work well for those that use them. Our vision is for payment systems to be accessible, reliable and secure. It's our duty to ensure that as much as possible is done to tackle financial crime and reduce the harm to consumers.

One emerging area of payment fraud where there is currently little 'systematic' or 'structured' protection for consumers is **authorised push payment (APP) scams** – where a fraudster tricks you into sending them money. We're making it harder for criminals to commit this type of crime – and if they do occur, we want to reduce the impact on the victim. We're driving a range of initiatives do this, working with industry, consumer groups and other regulatory and government bodies. Our work in this area will also help combat other types of financial crime.

The initiatives are mainly led by two bodies:

• **UK Finance:** The industry body comprising various finance and payments organisations.

• **The New Payment System Operator (NPSO):** The body running Bacs, Faster Payments and Cheque and Credit from 2018.

Prevention

Initiative	Developed by	Impact on economic crime	Date
Consumer education and awareness	UK Finance	Improve consumer awareness and education so consumers can better spot and avoid card fraud, APP scams, online banking fraud and money laundering.	Underway
Enhancement of sanctions data quality	UK Finance	Better detection of individuals/ organisations on the sanctions list to better prevent the funding of terrorism.	To be announced
Confirmation of payee	NPSO	This will allow customers to verify that they are paying the person they intended to before transferring the money. It will help prevent push payment scams and other fraud.	Starting 2018
Guidelines for identity verification, authentication and risk assessment	UK Finance	A more consistent and effective approach to identity verification to make it harder for fraudsters to open accounts used to perpetrate scams, banking fraud, and money laundering.	2018
Trusted 'know your customer' KYC data sharing	UK Finance	More efficient sharing of KYC data between payment service providers (PSPs) so they can spot fraudsters more easily and stop them opening accounts used to perpetrate scams, banking fraud, and money laundering.	2020

Response

Initiative	Developed by	Impact on economic crime	Date
Best practice standards	UK Finance	UK Finance have developed a best practice standard that banks will follow when a victim reports an APP scam. This should improve consumers' experience and PSPs' response times.	Underway
Transaction data analytics	NPSO	Faster and better detection of activity related to scams, fraud, and money laundering through interbank systems so these can be stopped. It will also help to track the flow of funds related to these crimes and help facilitate more efficient recovery of victims' funds.	Starting 2018
Financial crime information and data sharing	UK Finance	More effective data sharing between PSPs to make it harder for criminals to open or take over accounts used to perpetrate scams, banking fraud, and money laundering.	2019

Outcome, follow-up and reimbursement

Initiative	Developed by	Impact on economic crime	Date
Contingent reimbursement model (CRM)	CRM steering group	This sets out the circumstances in which a victim of a scam would be reimbursed. The contingent reimbursement model should establish better incentives for PSPs to use measures that help prevent APP scams from happening in the first place, and for consumers to remain vigilant.	September 2018
Collection and publication of scam statistics	UK Finance	UK Finance published the first set of robust statistics on the volume, value and victims of APP scams in November 2017, and the second set in March 2018. The collection of APP scam statistics will help the industry in developing and improving APP scam prevention and response measures – and will help us monitor their effectiveness.	Underway

The Joint Fraud Taskforce is also developing a framework for a funds repatriation scheme – so that stolen money can be tracked across payment systems, frozen, then returned to the victim of the crime. This should also stop criminals from getting the money.

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